SOLACTIVE
German Index Engineering

Press Release

On Its Way to Net Zero, USS to Tilt £5 Billion of Assets Under Management to Solactive USS Developed Markets Climate Transition Benchmark

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FRANKFURT AM MAIN – ESG investing has been gaining increased momentum, especially in the investment sector. Last May, the Universities Superannuation Scheme ("USS"), the UK's largest private pension scheme, announced an ambition to become net zero for carbon for its investments by 2050 if not before. Today, USS Investment Management, its wholly-owned investment arm, is introducing a climate "tilt" to a portion of the Global Developed Markets Equity component of the Defined Benefit and Defined Contribution funds held by the scheme. Managed by Legal & General Investment Management ("LGIM"), the change will affect over £5bn of assets under management, and will use Solactive USS Developed Markets Climate Transition Benchmark, developed in conjunction by USS and Solactive.

The approach will effectively reward companies that can demonstrate they are on the path to **lowering greenhouse gas emissions** by giving them a higher weighting. The converse will be true of companies that cannot demonstrate this.

As well as barring companies that rank poorly on the four **UN Sustainable Development Goals (SDGs)** relating to environmental sustainability and climate impact, the index is required to be overweight in companies that are successfully hitting adequate **decarbonisation** targets and must not be underweight in 'high-impact sectors'. These are ones that are deemed critical to the successful transition to a **low-carbon economy** such as manufacturing and construction. It will also avoid investing in companies that fall foul of the [UN Global Compact](), a voluntary initiative of 10 guiding principles designed to create sustainable companies and stakeholders.

This will be a first important step in USS's path to achieving the ambition to be Net Zero and will initially reduce emissions compared to the broad equity market by at least 30%, and further impact its carbon intensity by 7% each year thereafter. This will include all Scope 1, 2 and 3 emissions from day one.[1]

[1] Those produced as a result of owned or controlled sources, indirect emissions from the generation of purchased electricity, steam, heating or cooling consumed by the reporting company and all other indirect emissions that occur in a company's value chain.

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Timo Pfeiffer, Chief Markets Officer at Solactive, comments: *"We are very pleased that USS decided to work with us to tilt part of their portfolio to green investments on its path to net-zero. It shows yet again how responsible investing cannot be ignored any longer, both on the investor's and the asset manager's side. We are excited about being able to contribute again towards making our planet a more sustainable place for all."*

For more information on indices, please visit**:** http://www.solactive.com

Note to editors

About Solactive

Solactive is a leading provider of indexing, benchmarking, and calculation solutions for the global investment and trading community. Headquartered in Frankfurt and, with offices in Hong Kong, Toronto, Berlin, and Dresden, we innovate and disrupt the status quo as the partner of choice for our clients.

The unique blend of our 250 staff's expertise in data, data science, financial markets, and technology enables our clients' continued success through the delivery of a superior experience, unique customization capabilities, and the best value for money available in the industry. With more than 18,000 indices calculated daily, we offer a full suite of solutions, including market-leading ESG and thematic indices.

As at April 2020, Solactive served approximately 450 clients across the world, with approximately US$200 billion invested in products linked to our indices. Solactive is registered with ESMA as a benchmark administrator and is supervised by the BaFin.

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